West Coast Diesel Emissions Reductions Collaborative
Agriculture Workgroup
Meeting Summary Notes
November 18, 2004

The Agriculture Workgroup of the West Coast Diesel Emissions Reductions Collaborative met by teleconference on November 18, 2004. The purpose of the meeting was to define and confirm Workgroup priorities and to facilitate progress on the next phase of projects.

Collaborative Update

On September 30th, eight simultaneous press events were held in San Diego, Los Angeles, Bakersfield, Sacramento, San Francisco, Eugene, Portland and Seattle. Governor Ted Kulongoski of Oregon, Governor Gary Locke of Washington, CALEPA head Terry Tamminen and USEPA Administrator Mike Leavitt all participated in the roll-out. The events had an overall anti-idling theme including projects for the I-5 Corridor Idle Reduction Initiative (Los Angeles, Sacramento, Eugene, Portland, and Seattle), shore power for Princess Cruise Line ships in Seattle, locomotive idle reduction in Bakersfield and cleaner fuels for ferries in San Francisco. There was very positive press with over 40 news pieces in newspapers, on the radio and on T.V. The Collaborative website has all of the press coverage posted.

While no specific agricultural projects were highlighted on September 30th, several Agriculture Workgroup members were at the Bakersfield event and made particular mention of agriculture progress in the Valley. There will be additional opportunities to specifically highlight agriculture projects in the future. The event did start momentum for the Collaborative on a larger scale and now the effort will be focused on framing and branding the collective effort.

Next Steps for the Collaborative:

- Looking to identify $1 million for projects next year to continue the momentum, hopeful to have that short-term funding approved early in 2005.
- Identifying and communicating existing grant and other resource opportunities.
- Migrating the website to an independent domain.
- Launching a monthly newsletter to consolidate the information from the Collaborative.
- Beginning plans for a February face-to-face Collaborative meeting.

Workgroup Charter

The proposed Workgroup Charter gets down on paper the roles and responsibilities of the Workgroups and other parts of the Collaborative. This will ensure that everyone's working on the same page and will provide a tool to introduce new partners to the Collaborative. The Charter should be used as a guide for the Workgroup to direct the action and input is welcome.

Each part of the Collaborative is identified and specifically, as laid out in the charter, the purpose of the Workgroups is fourfold:

- Idea generation and prioritization – set project and research priorities for the Workgroup
- Idea communication – this likely includes preparation of written materials suitable for sharing with potential funders
- Information sharing – act as a forum to exchange information and technology transfer
- Grow the Collaborative – identify and recruit others to participate in the Collaborative

The charter also suggests criteria that is meant to guide projects, but is not meant as strict criteria. For example, the criteria "regional in scope" could be problematic for agriculture. The intent of "regional" is to mean that the work is potentially transferable elsewhere, or connects regions within or across states, or links up partners to work together; if projects spread across multiple jurisdictions, there is a greater chance of success to garner federal funds. However, it may be appropriate to remove this criteria for the agriculture sector.

Manuel Cunha suggested that the concept of the Collaborative is fantastic in dealing with regional transport because these types of projects require sustainable incentives. However, there are particular concerns in California that the cost of reductions is not palatable for the agricultural community. Further concern was expressed that the Charter represents a great amount of bureaucracy and paperwork to get funding approved. Mr. Cunha felt that people come to the Collaborative because of the potential for funding, but the funding sources are not sufficient at the moment and EPA bureaucracy is suffocating potential for success.

The Collaborative is making a push to get significant, new, federal resources from EPA, USDA, and DOE. Basic project information will give Collaborative partners tools to use with budget decision makers to market the Collaborative. If the Collaborative is successful in garnering significant federal funding, federal agencies would work with partners to streamline the process as much as possible.

If the Collaborative is successful in getting funds it is not clear yet whether the Collaborative will actually distribute the funds or if resources will be distributed through other agencies. It might be the case that the Collaborative becomes a nonprofit or separate entity to distribute the money. The current structure and charter remain as interim solutions.

Funding issues were also discussed at the last Interim Steering Committee. The plan is to create a subgroup that could include private partners to pursue additional funding and fundraising opportunities. While EPA could be part of such a group, EPA could not lead such a group. Regarding fundraising, EPA will deliver the strongest possible message and will participate as fully as possible within the limits of the law. The topic of fundraising will be on the Interim Steering Committee agenda in December.

The Interim Steering Committee has reviewed and supported the current draft of the Charter, however, comments and revisions directed to Michelle Roos (roos.michelle@epa.gov) are welcome until November 26th.

Workgroup Priorities

Fuels-related

Ethanol
Brent Searle, Oregon Department of Agriculture, reported that while there is lots of interest in biofuels, there is not yet production capability in the Northwest. In the near future, however, it is expected that a large ethanol plant will come online in Oregon and in Idaho. However, the corn for the plant is coming from the Midwest, so there is limited interest from the perspective of the Northwest agriculture community. Since the ethanol industry is going toward cellulostic crop input and because nighttime temperatures in the Northwest are too low to support corn crops, ethanol will likely not ever have great support from the Oregon and Washington agriculture community.

However, ethanol could have regional support since Idaho and California (north of Bakersfield) have the potential to grow ethanol crops that could be refined into ethanol in Oregon. This approach could create regional jobs and regional emissions benefits rather than bringing ethanol crops from across the country.

Biodiesel
Canola and mustard seed can be grown as a rotational crop in the Northwest, so biodiesel is more attractive from the agricultural perspective. For biodiesel production, there are two parts to the capital requirements: 1) refinery capacity, and 2) crushers to transform the seed to the oil. The bottleneck is that crushing does not have high profit margins and is the missing link the get the project started. There is a 'chicken and egg' dilemma in that farmers won't put crops in the ground without a crusher, but business and banks are hesitant to finance a crusher without guaranteed supply of crops.

There is talk of a large biodiesel tank (20 million gallons) which could support 3,000-4,000 acres crop. The Oregon Business Association has teamed with the Oregon Environmental Council to look at biodiesel as a win-win for both rural (supporting agriculture) and urban (reducing emissions) Oregonians. This combined group is looking at ways to stimulate biodiesel possibilities through legislative issues like tax incentives and biodisel blend requirements.

In addition, there are concept papers from the Department of Defense to suggest potential installations along the West Coast that could use biodiesel.

Cncerns that biodiesel NOx emissions or the energy and related emissions required to make the product (such as shipping the corn thousands of miles) still pose a problem among environmentalists. However, Allen Dusault, Sustainable Conservation, suggested

a change in the last couple months in the environmental community dialogue should allow a more detailed assessment of biodiesel and may be a positive development to provide support.

There is a national biodiesel tax incentive which most business interests support, but there are indications that the two year window is too short to take advantage of and that other variable are too unsteady to be completely convincing. Economies of scale and technology still far outweigh the potential benefits of tax incentives.

Biomethane
There is growing interest for dairy manure methane use and there is a recent international agreement with nine countries called "Methane to Markets" to capture methane as a mitigation of global warming. There may be up to $50 million set aside for this effort and it appears that agriculture methane projects could be eligible. The Workgroup will keep tabs on the Methane to Markets program.
(see http://www.epa.gov/methanetomarkets)

Equipment

Carl Moyer
A variety of groups came together to put together a proposal to generate additional monies for Carl Moyer. Also, the state authorized districts to request an additional $2 from DMV vehicle registration that could also be matched by Carl Moyer funds. It could bring $4.8 million per year to the San Joaquin Valley (SJV). The monies can be used over the course of 3-10 years depending on the specific type of program. Last year alone in the SJV district, Carl Moyer funds helped replace 2,700 engines. The bill expands the criteria for projects that could apply for Carl Moyer funding to allow for greater agricultural involvement. There is an additional effort to fund motors and infrastructure for electric engines.

CARB is developing guidelines for Carl Moyer applicability. The new bill includes any agricultural sources and the funds could go after VOCs or PM. However, in many air districts, it will be up to the district to determine criteria to allow districts the flexibility to identify the greatest, most cost effective reductions. The greatest impact is still likely in mobile sources. The bill includes language that could allow for action beyond engines.

Pump Efficiency
In the last call, there was discussion from the Center for Irrigation Technology (CIT) Agricultural Pump Efficiency Program. There is significant demand for electrification and there may be a greater demand for pump efficiency in California; CIT expects there is a two year demand build-up for pump efficiency testing.

Concerns were expressed that while institutions have funding, which gives the program credibility, to measure pump efficiency, farmers have not yet qualified for this funding. Some of this stems from marketing flaws with the original program (in 2001). The

current program would like to test diesel and there are requests from farmers to do so. However, the Fresno program needs flexibility to help design an efficient pump. .

Fresno State will have their pump efficiency forum in December. The Workgroup will keep the issue on the agenda as it becomes more relevant.

CIRIS Infrastructure
As discussed previously, this project proposes using upgraded rail lines instead of using trucks to carry agriculture products from the valley to the coast. The project has the potential to significantly reduce truck traffic and emissions, which benefits both sides of the mountains. While a formal conversation about the impacts on the trucking industry has not yet taken place, initial indications are that the trucking industry would be amenable to the concept because farmers would still need the trucks to move products from the fields to the rails.

Norm Maneta, U.S. Department of Transportation, will be in Sacramento to discuss the CIRIS project and the potential for transportation funding. The federal San Joaquin Valley task force may also get involved and the DOT regional directors that are part of the Collaborative may also be brought into the conversation. The CIRIS project is looking at all sorts of ways to fund the effort.

Papers have been developed to talk with the DOT and the White House, which will be distributed among the Workgroup.

Next Steps
The Interim Steering Committee is requesting written materials for project ideas by December 10th. The project description template provided can be used to guide write-ups, however, there may be plenty of existing written materials that would be welcomed. Sharing those materials may provide an opportunity to attract and market for additional funding. There is no limitation to project submissions and no projects will be pushed away at this point.

Workgroup meetings will continue every 6-8 weeks and the next Agriculture Workgroup meeting will likely be in January.

A full Collaborative face-to-face meeting in February, potentially in Seattle, is being considered.

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Attendees:

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